

117TH CONGRESS
1ST SESSION

H. R. 3024

To establish a temporary program for the refinancing of certain Federal student loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2021

Mr. COURTNEY (for himself, Mrs. HAYES, Mr. LARSON of Connecticut, Mr. MORELLE, Ms. NORTON, Mr. PERLMUTTER, Ms. PINGREE, Mr. SIRES, Ms. STRICKLAND, and Ms. WILSON of Florida) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To establish a temporary program for the refinancing of certain Federal student loans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Zero-Percent Student
5 Loan Refinancing Act”.

1 **SEC. 2. TEMPORARY PROGRAM FOR REFINANCING STU-**

2 **DENT LOANS.**

3 (a) PROGRAM AUTHORITY.—Section 451(a) of the

4 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is

5 amended—

6 (1) by striking “and (2)” and inserting “(2)”;

7 and

8 (2) by inserting “; and (3) to make loans under

9 section 460A” after “section 459A”.

10 (b) REFINANCING PROGRAM.—Part D of title IV of

11 the Higher Education Act of 1965 (20 U.S.C. 1087a et

12 seq.) is amended by adding at the end the following:

13 **“SEC. 460A. TEMPORARY PROGRAM FOR THE REFINANCING**

14 **OF FEDERAL DIRECT LOANS AND OTHER**

15 **FEDERAL STUDENT LOANS.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) COVERED NON-PART D LOAN.—The term

18 ‘covered non-part D loan’ means a loan—

19 “(A) made, insured, or guaranteed under

20 part B and for which the first disbursement

21 was made, or the application for the consolida-

22 tion loan was received, before July 1, 2010;

23 “(B) made under part E; or

24 “(C) made under—

1 “(i) subpart II of part A of title VII
2 of the Public Health Service Act (42
3 U.S.C. 292q et seq.); or

4 “(ii) part E of title VIII of the Public
5 Health Service Act (42 U.S.C. 297a et
6 seq.).

7 “(2) COVERED PERIOD.—The term ‘covered pe-
8 riod’ means the period beginning on August 1, 2021,
9 and ending at the close of December 31, 2024.

10 “(3) ORIGINAL LOAN.—The term ‘original
11 loan’, used with respect to a refinanced loan issued
12 under this section, means a loan for which a bor-
13 rower’s liability is discharged by such refinanced
14 loan.

15 “(4) QUALIFIED BORROWER.—The term ‘quali-
16 fied borrower’ means a borrower of a loan under this
17 part, or a covered non-part D loan, for which the
18 first disbursement was made, or the application for
19 a consolidation loan was received, before January 1,
20 2025.

21 “(b) IN GENERAL.—Beginning on August 1, 2021,
22 the Secretary shall carry out a program under which the
23 Secretary makes interest-free refinancing loans to quali-
24 fied borrowers in accordance with this section.

25 “(c) REFINANCING DIRECT LOANS.—

1 “(1) FEDERAL DIRECT LOANS.—

2 “(A) IN GENERAL.—Beginning on August
3 1, 2021, the Secretary shall cancel the obliga-
4 tion of a qualified borrower to repay a Federal
5 Direct Stafford Loan, a Federal Direct Unsub-
6 sidized Stafford Loan, a Federal Direct PLUS
7 Loan, or a Federal Direct Consolidation Loan
8 for which the first disbursement was made, or
9 the application for the consolidation loan was
10 received, before January 1, 2025, and issue to
11 such borrower in accordance with this section a
12 refinanced Federal Direct Stafford Loan, a refi-
13 nanced Federal Direct Unsubsidized Stafford
14 Loan, a refinanced Federal Direct PLUS Loan,
15 or a refinanced Federal Direct Consolidation
16 Loan, respectively, in an amount equal to the
17 sum of the unpaid principal, accrued unpaid in-
18 terest, and late charges of the original loan.

19 “(B) INFORMATION.—The Secretary shall
20 notify each qualified borrower of a loan refi-
21 nanced under subparagraph (A) regarding the
22 refinancing and the benefits the refinancing
23 provides to the qualified borrower.

24 “(2) REFINANCING COVERED NON-PART D
25 LOANS AS REFINANCED FEDERAL DIRECT LOANS.—

1 Upon application of a qualified borrower of any cov-
2 ered non-part D loan, the Secretary shall make a
3 loan under this part, in an amount equal to the sum
4 of the unpaid principal, accrued unpaid interest, and
5 late charges of the original loan to the borrower in
6 accordance with the following:

7 “(A) The Secretary shall pay the proceeds
8 of such loan to the holder of the covered non-
9 part D loan, in order to discharge the borrower
10 from any remaining obligation with respect to
11 the original loan.

12 “(B) Any Federal student loan made
13 under this section the proceeds of which are
14 used to discharge a loan that was made, in-
15 sured, or guaranteed—

16 “(i) under section 428 shall be a Fed-
17 eral Direct Stafford Loan;

18 “(ii) under section 428B shall be a
19 Federal Direct PLUS Loan;

20 “(iii) under section 428H shall be a
21 Federal Direct Unsubsidized Stafford
22 Loan; and

23 “(iv) under section 428C shall be a
24 Federal Direct Consolidation Loan.

1 “(C) Any Federal student loan made under
2 this section the proceeds of which are used to
3 discharge a loan described subparagraph (B) or
4 (C) of subsection (a)(1) shall be a Federal Di-
5 rect Consolidation Loan.

6 “(3) APPLICATION DEADLINE.—To be eligible
7 to receive a refinancing loan under paragraph (2) a
8 qualified borrower shall submit an application to the
9 Secretary during the covered period. A borrower who
10 submits an application after the expiration of the
11 covered period shall not eligible to receive a refi-
12 nancing loan under such paragraph.

13 “(d) TERMS AND CONDITIONS OF LOANS.—

14 “(1) IN GENERAL.—A loan made under this
15 section shall have the same terms and conditions as
16 the original loan, except as otherwise provided in
17 this section.

18 “(2) INTEREST RATES.—No interest shall ac-
19 crue on a loan that is made under this section.

20 “(3) NO AUTOMATIC EXTENSION OF REPAY-
21 MENT PERIOD.—A loan made under this section
22 shall not result in the extension of the duration of
23 the repayment period of the loan, and the borrower
24 shall retain the same repayment term that was in ef-
25 fect on the original loan. Nothing in this paragraph

1 shall be construed to prevent a borrower from elect-
2 ing a different repayment plan at any time in ac-
3 cordance with section 455(d)(3).

4 “(4) SPECIAL RULE FOR REFINANCED PERKINS
5 AND HEALTH LOANS.—Notwithstanding paragraph
6 (1), in the case of a loan that is made under this
7 section as a Federal Direct Consolidation Loan the
8 proceeds of which are used to discharge a loan de-
9 scribed in subparagraph (B) or (C) of subsection
10 (a)(1)—

11 “(A) the refinanced Federal Direct Con-
12 solidation Loan shall have the same terms and
13 conditions as a Federal Direct Consolidation
14 Loan, except as otherwise provided in this sec-
15 tion; and

16 “(B) the Secretary may adjust such terms
17 and conditions as necessary to enable the bor-
18 rower to access loan forgiveness or other bene-
19 fits available to the borrower under the loan be-
20 fore refinancing under this section, in any case
21 where such benefits are more generous than
22 provided under a Federal Direct Consolidation
23 Loan.

24 “(5) RULE OF CONSTRUCTION.—Nothing in
25 this section shall be construed to prevent a borrower

1 of a Federal student loan described in subparagraph
2 (B) or (C) of subsection (a)(1) from consolidating
3 such loans with other loans eligible for consolidation
4 under this section, or to require such a borrower to
5 consolidate such loans with other Federal student
6 loans into a single consolidation loan under this sec-
7 tion.

8 “(e) NOTIFICATION TO BORROWERS.—The Sec-
9 retary, in coordination with the Director of the Bureau
10 of Consumer Financial Protection, shall undertake a cam-
11 paign to alert borrowers of covered non-part D loans that
12 are eligible for refinancing under this section that the bor-
13 rowers are eligible to apply for such refinancing. The cam-
14 paign shall include the following activities:

15 “(1) Developing consumer information mate-
16 rials about the availability of Federal student loan
17 refinancing.

18 “(2) Requiring servicers of loans under part B
19 to provide such consumer information to borrowers
20 in a manner determined appropriate by the Sec-
21 retary, in consultation with the Director of the Bu-
22 reau of Consumer Financial Protection.”.

23 (c) INCOME-CONTINGENT REPAYMENT.—Section
24 455(e) of the Higher Education Act of 1965 (20 U.S.C.

1 1087e(e)) is amended by adding at the end the following
2 new paragraph:

3 “(9) SPECIAL RULE FOR REFINANCED
4 LOANS.—For purposes of paragraph (7), the period
5 of time during which a borrower of a loan that is re-
6 financed under section 460A has made monthly pay-
7 ments shall be calculated in the manner described in
8 section 493C(f) for the applicable type of loan.”.

9 (d) INCOME-BASED REPAYMENT.—Section 493C of
10 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
11 amended by adding at the end the following:

12 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

13 “(1) REFINANCED FEDERAL DIRECT, FFEL,
14 AND PLUS LOANS.—In calculating the period of time
15 during which a borrower of a loan (with the excep-
16 tion of a Federal Direct Consolidation Loan) that is
17 refinanced under section 460A has made monthly
18 payments for purposes of subsection (b)(7), the Sec-
19 etary shall deem the period to include all monthly
20 payments made for the original loan, and all month-
21 ly payments made for the refinanced loan, that oth-
22 erwise meet the requirements of this section.

23 “(2) REFINANCED FEDERAL DIRECT CONSOLI-
24 DATION LOANS.—In calculating the period of time
25 during which a borrower of a Federal Direct Con-

1 solidation Loan that is refinanced under section
2 460A has made monthly payments for the purposes
3 of subsection (b)(7), the Secretary shall—

4 “(A) review the borrower’s payment his-
5 tory to identify each component loan of such
6 Federal Direct Consolidation Loan;

7 “(B) for each such component loan—

8 “(i) calculate the weighted factor of
9 the component loan, which shall be the fac-
10 tor that represents the portion of such
11 Federal Direct Consolidation Loan that is
12 attributable to such component loan; and

13 “(ii) determine the number of qual-
14 fying monthly payments made on such
15 component loan before consolidation;

16 “(C) calculate the number of qualifying
17 monthly payments determined under subpara-
18 graph (B)(ii) with respect to a component loan
19 that shall be deemed as qualifying monthly pay-
20 ments made on the Federal Direct Consolida-
21 tion Loan by multiplying—

22 “(i) the weighted factor of such com-
23 ponent loan as determined under subpara-
24 graph (B)(i); by

1 “(ii) the number of qualifying monthly
2 payments made on such component loan as
3 determined under subparagraph (B)(ii);
4 and

5 “(D) calculate and inform the borrower of
6 the total number of qualifying monthly pay-
7 ments with respect to the component loans of
8 the Federal Direct Consolidation Loan that
9 shall be deemed as qualifying monthly payments
10 made on the refinanced Federal Consolidation
11 Loan, by—

12 “(i) adding together the result of each
13 calculation made under subparagraph (C)
14 with respect to each such component loan;
15 and

16 “(ii) rounding the number determined
17 under clause (i) to the nearest whole num-
18 ber.

19 “(3) COMPONENT LOAN DEFINED.—In this
20 subsection, the term ‘component loan’, used with re-
21 spect to a Federal Direct Consolidation Loan, means
22 a loan for which the liability was discharged by the
23 proceeds of such Federal Direct Consolidation
24 Loan.”.

1 (e) CONFORMING AMENDMENTS.—The Higher Edu-
2 cation Act of 1965 (20 U.S.C. 1001 et seq.) is amended—
3 (1) in section 428C(a)(3)(B)(i)(V) (20 U.S.C.
4 1078–3(3)(B)(i)(V))—
5 (A) by striking “or” at the end of item
6 (bb);
7 (B) by striking the period at the end of
8 item (cc) and inserting “; or”; and
9 (C) by adding at the end the following:
10 “(dd) for the purpose of ob-
11 taining a refinancing loan under
12 section 460A.”; and
13 (2) in section 455 (20 U.S.C. 1087e)—
14 (A) in subsection (b), by striking “(b) IN-
15 TEREST RATE.—” and inserting the following:
16 “(b) INTEREST RATE.—Except as otherwise provided
17 in sections 460A, the terms and conditions of interest for
18 loans made under this part are as follows:”.

